RECORD AND BRIEFS

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No. 16-969

In the Supreme Court of the United States

SAS INSTITUTE INC., PETITIONER

v.

MICHELLE K. LEE, DIRECTOR, UNITED STATES PATENT AND TRADEMARK OFFICE, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

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QUESTION PRESENTED

Section 318(a) of the Patent Act provides that, if the Patent and Trademark Office (PTO) institutes an inter partes review, the agency's Patent Trial and Appeal Board "shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added" during the proceeding. 35 U.S.C. 318(a). The question presented is as follows:

Whether, in a case in which the PTO agrees to review the patentability of only a subset of the claims in a patent, the Board may address in its final written decision only the patentability of those claims the agency agreed to review.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-40a) is reported at 825 F.3d 1341. The order of the court of appeals denying rehearing (Pet. App. 87a-102a) is reported at 842 F.3d 1223. The opinion of the Patent Trial and Appeal Board on institution of inter partes review (Pet. App. 103a-128a) is not published but is available at 2013 WL 8595939. The final written decision of the Patent Trial and Appeal Board (Pet. App. 41a-86a) is not published but is available at 2014 WL 3885937.

JURISDICTION

The judgment of the court of appeals was entered on June 10, 2016. A petition for rehearing was denied on November 7, 2016 (Pet. App. 87a-102a). The petition for a writ of certiorari was filed on January 31, 2017. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. a. The Patent Act of 1952, 35 U.S.C. 1 *et seq.*, charges the U.S. Patent and Trademark Office (PTO) with examining applications for patents, and it directs the PTO to issue a patent if the statutory criteria are satisfied. 35 U.S.C. 131. Federal law also has long permitted the PTO to reexamine the patentability of claims in patents it has previously issued. See *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2137 (2016). In 1980, for example, Congress empowered the PTO to conduct ex parte reexamination of "any claim of [a] patent" previously issued if the PTO concludes that prior art raises a "substantial new question of patentability." Act of Dec. 12, 1980, Pub. L. No. 96-517, § 1, 94 Stat. 3015 (35 U.S.C. 303(a)); see 35 U.S.C. 301-302, 304; *Cuozzo Speed Techs.*, 136 S. Ct. at 2137.

In the Leahy-Smith America Invents Act (AIA or the Act), Pub. L. No. 112-29, 125 Stat. 284, Congress created new processes through which the PTO can reconsider the patentability of claims in issued patents. One such procedure, inter partes review, allows a challenger to contest the patentability of disputed claims on specified grounds in an administrative proceeding before the agency's Patent Trial and Appeal Board (the Board). See generally 35 U.S.C. 311 *et seq.*; *Cuozzo Speed Techs.*, 136 S. Ct. at 2137-2138.[1]

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[1] The AIA introduced two additional mechanisms for reconsidering the patentability of claims in issued patents: "post-grant review" and "covered business method" review. 35 U.S.C. 321 (post-grant review); AIA § 18, 125 Stat. 329-331 (covered-business-method review). Though they are not directly at issue in this case, those review mechanisms have been implemented through procedures analogous to those challenged here, and petitioner's argument implicates those mechanisms as well. Pet. 24 (acknowledging that the challenge here would extend to those forms of review).

A party seeking to contest a patent's validity may request inter partes review by filing with the PTO a petition asking the agency to "cancel as unpatentable 1 or more claims" of an issued patent on certain enumerated grounds. 35 U.S.C. 311(b). The petition must identify, "in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." 35 U.S.C. 312(a)(3). When a petition is filed, the PTO must make a "[t]hreshold" determination as to whether to "authorize an inter partes review to be instituted," and it must provide notice of its decision to the petitioner, the patent owner, and the public. 35 U.S.C. 314(a) and (c). The Act prohibits the PTO from instituting review unless it determines that "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. 314(a). The PTO's decision whether to institute inter partes review is "final and nonappealable." 35 U.S.C. 314(d); see *Cuozzo Speed Techs.*, 136 S. Ct. at 2142.

If the PTO elects to institute inter partes review, the Board then conducts a trial-like proceeding to determine the patentability of the claims at issue. See 35 U.S.C. 316; 37 C.F.R. 42.1 *et seq.* At the conclusion of that proceeding (unless the matter has been dismissed), the Act directs the Board to "issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added" to the patent by amendment while the inter partes review proceeding is ongoing. 35 U.S.C. 318(a). A party aggrieved by the Board's final written decision may appeal that decision to the Federal Circuit. 35 U.S.C. 141(c), 319.

The Act prescribes a timetable for the PTO's consideration of requests for inter partes review. The PTO must determine whether to institute inter partes review within three months after the completion of briefing on the petition. 35 U.S.C. 314(b). If the PTO institutes review, the Board generally must issue its final written decision within one year. 35 U.S.C. 316(a)(11).

The Act also addresses the relationships between inter partes review proceedings concerning a particular patent claim and other proceedings involving the same claim or patent. 35 U.S.C. 315. The PTO may not grant a request to institute inter partes review if the request is submitted by a party that has previously filed a civil action challenging a claim of the same patent. 35 U.S.C. 315(a)(1). If the PTO grants inter partes review of a claim and issues a final decision, the petitioner thereafter is estopped from "request[ing] or maintain[ing] a proceeding" before the PTO "with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review." 35 U.S.C. 315(e)(1). The petitioner likewise is barred from "assert[ing] either in a civil action" or in proceedings before the International Trade Commission "that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review." 35 U.S.C. 315(e)(2).

b. To implement the AIA's new administrative-review scheme, Congress granted the PTO new rulemaking authority. See 35 U.S.C. 316(a); see also *Cuozzo Speed Techs.*, 136 S. Ct. at 2142. Congress authorized the PTO, *inter alia*, to prescribe regulations "setting forth the standards for the showing of sufficient grounds to institute a review," and regulations "establishing and governing inter partes review" and "the

relationship of such review to other proceedings." 35 U.S.C. 316(a)(2) and (4). Congress further specified that, in exercising its rulemaking authority under the AIA, the PTO should take into account the need to ensure "efficient administration of the Office, and the ability of the Office to timely complete [inter partes] proceedings." 35 U.S.C. 316(b).

The PTO has exercised that authority and, after notice and comment, has adopted rules designed to "secure the just, speedy, and inexpensive resolution of every proceeding" before the Board. 37 C.F.R. 42.1(b). One such regulation provides that the Board may streamline an inter partes review by instituting review as to only "some of the challenged claims" identified in a petition for review and on only "some of the grounds of unpatentability asserted for each claim." 37 C.F.R. 42.108(a). This enables the Board to "streamline the issues for final decision by authorizing the trial to proceed only on the challenged claims for which the threshold standards for the proceeding have been met." 77 Fed. Reg. 48,765 (Aug. 14, 2012).

In adopting that "partial institution" rule, the PTO considered comments suggesting that the agency should institute review as to all of the claims cited in the petition if it concludes that any challenged claim warrants review. 77 Fed. Reg. 48,702-48,703 (Aug. 14, 2012). The PTO declined to adopt that suggestion. The agency explained that partial institution is "consistent with the statute," and that limiting the Board's review to the claims for which the statutory review threshold has been met "streamlines the proceeding and aids in the efficient operation of the Office and the ability of the Office to complete the proceeding within the one-year timeframe." *Id.* at 48,703. The PTO further explained

that limiting the scope of review would be fairer to patent holders, who should "not be burdened with responding to non-meritorious grounds that fail to meet the initial thresholds." *Ibid.*

In cases where review is instituted as to only some of the claims identified in a petition, the Board's practice is to issue a final written decision only as to those claims for which review was instituted.

2. a. This case arises from an inter partes review petition filed by petitioner SAS Institute, Inc., challenging the validity of claims in a patent issued to respondent ComplementSoft LLC. In its inter partes review petition, petitioner asked the PTO to review claims 1-16 of that patent. Pet. App. 104a. The Board agreed to institute review as to claims 1 and 3-10 on certain grounds, but it declined to institute review as to those claims on other grounds, and it declined review altogether as to the remaining claims in the patent (claims 2 and 11-16). *Id.* at 105a-106a, 127a. The Board explained that petitioner had not "establish[ed] a reasonable likelihood of" showing that claims 2 and 11-16 are unpatentable. *Id.* at 115a-116a; see *id.* at 125a.

After completing a trial on claims 1 and 3-10, the Board issued a final written decision. Pet. App. 41a-86a. The Board concluded that petitioner had shown that claims 1, 3, and 5-10 were unpatentable because they were obvious over various prior art, and it canceled those claims. *Id.* at 43a, 84a-85a. The Board further concluded, however, that petitioner had not shown that claim 4 is unpatentable. *Ibid.* The Board's final decision did not address the merits of the patent's remaining claims. The Board explained that it had "declined to institute an *inter partes* review" of those other claims

because petitioner had not "shown that there was a reasonable likelihood of prevailing on its challenges" to those claims, and those claims accordingly were "not at issue in [the] trial." *Id.* at 84a & n.3; see also *id.* at 73a n.2.

Petitioner sought rehearing of the Board's decision, arguing *inter alia* that the Board was required to issue a final written decision as to all of the claims cited in the original petition, not just those for which the Board had instituted inter partes review. Pet. App. 130a. The Board denied rehearing, explaining in relevant part that its final decision had correctly addressed only those claims that were at issue in the instituted proceeding. *Id.* at 130a-131a.

The parties filed cross-appeals in the Federal Circuit. Pet. App. 2a. The PTO intervened to defend the discretion of the Board to institute review as to only a subset of the claims identified in a petition and to issue a final written decision only as to those claims for which review was instituted.

b. While these appeals were pending, the Federal Circuit decided *Synopsys, Inc.* v. *Mentor Graphics Corp.*, 814 F.3d 1309 (2016). The court in *Synopsys* held in pertinent part that there is "no statutory requirement that the Board's final decision address every claim raised in a petition for inter partes review." *Id.* at 1316-1317.[2] Analyzing the text and structure of the Act, the *Synopsys* court concluded that "the claims that the Board must address in the final decision are different than the claims raised in the petition." *Id.* at 1315. The court further explained that "the statute would make very little sense if it required the Board to issue final

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[2] Petitioner filed a brief as amicus curiae in *Synopsys*. Pet. App. 21a n.5.

decisions addressing patent claims for which inter partes review had not been initiated," and that the statute should not be construed in a way "that would require the Board to issue a final determination on validity of patent claims without the benefit" of full merits proceedings. *Ibid.*

The *Synopsys* Court also rejected the related argument that the Board was precluded from instituting review as to only a subset of the claims asserted in the petition. The court found that "the statute is quite clear that the PTO can choose whether to institute inter partes review on a claim-by-claim basis." 814 F.3d at 1315. The court further explained that, "if there were any doubt about the Board's authority and the statute were deemed ambiguous," the PTO's regulation allowing for partial institution, 37 C.F.R. 42.108, would be entitled to deference under *Chevron U.S.A. Inc.* v. *Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984). *Synopsys*, 814 F.3d at 1316.

Judge Newman dissented. She would have held that the PTO may not grant review as to "only some" of the claims challenged in a petition. *Synopsys*, 814 F.3d at 1332. No party sought further review in *Synopsys*.

c. In the decision below, the court of appeals relied on *Synopsys* and rejected petitioner's argument that the Board was required to address in its final decision all of the claims identified in the petition requesting inter partes review. Pet. App. 20a-21a. Judge Newman, who was also a member of the panel below, again dissented in relevant part. *Id.* at 23a-40a.

Petitioner sought rehearing en banc, which the court of appeals denied. Pet. App. 88a. Judge Newman dissented from the denial of rehearing en banc. *Id.* at 90a-102a.

ARGUMENT

Petitioner contends that the Patent Trial and Appeal Board must issue a final written decision addressing the patentability of every claim identified in a petition for inter partes review, including claims whose patentability the agency declined to review in the instituted proceeding. The court of appeals correctly rejected that argument, and its ruling does not conflict with any decision of this Court. Further review is not warranted.

1. As an initial matter, this Court's review is not warranted because the court of appeals lacked jurisdiction to address a key predicate of petitioner's argument: that the PTO was required to institute review of every claim challenged in the petition for inter partes review.

The Patent Act states that the PTO's decision "whether to institute an inter partes review * * * shall be final and nonappealable." 35 U.S.C. 314(d). This Court confirmed last Term that Section 314(d) means what it says and that (with the possible exception of constitutional claims) a "contention that the Patent Office unlawfully initiated its agency review is not appealable." *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2139 (2016); see *id.* at 2142 ("[W]here a patent holder grounds its claim in a statute closely related to that decision to institute inter partes review, [Section] 314(d) bars judicial review."); see also Pet. 20-21 (acknowledging that "the institution decision is not ordinarily reviewable"). This judicial-review bar precludes not only interlocutory review of the PTO's decision to institute review at the time that decision is made, but also any challenge to the PTO's institution decision on review of the Board's final written decision. See *Cuozzo Speed Techs.*, 136 S. Ct. at 2140.

Petitioner's argument in this Court directly challenges the PTO's decision "whether to institute an inter partes review" of particular claims. 35 U.S.C. 314(d). Petitioner repeatedly asserts that the PTO erred in limiting its review to claims 1 and 3-10 of the patent and in declining to institute inter partes review as to the remaining claims identified in its petition (including claims 2 and 11-16). See Pet. 13-14 (arguing that the statute does not contemplate "that inter partes review will proceed on only a subset of the challenged claims"); Pet. 14 (asserting that "the partial-institution, partial-decision practice is contrary to the statute"); Pet. 15 ("Nothing in * * * the AIA, allows or anticipates a partial-institution practice."); Pet. 18 (criticizing the court of appeals for "allowing the PTO to institute inter partes review on a claim-by-claim basis") (citation and internal quotation marks omitted); Pet. 19 (criticizing "the Board's partial-institution, partial-decision regime"); Pet. 20 (noting criticism of "rule allowing for partial institution"). Section 314(d) precludes judicial review of such contentions, which assail the PTO's discretionary decision to institute review as to particular patent claims. See *Cuozzo Speed Techs.*, 136 S. Ct. at 2139-2142 (holding that Section 314(d) barred review of challenge to PTO's decision to institute inter partes review of two patent claims that challenger argued were not properly raised in the petition for review).

Petitioner cannot circumvent Section 314(d) by framing its argument as a challenge to the Board's final written decision, rather than as an attack on the institution decision. See Pet. i (framing the question presented as whether the Board's "final written decision" failed to conform to statutory requirements). Petitioner argues that the Board was required to address claims 2

and 11-16 in its final written decision *because* (in petitioner's view) the Board was required to institute inter partes review of those claims. That collateral attack on the PTO's institution decision is foreclosed by Section 314(d).[3]

2. In any event, the court of appeals correctly rejected petitioner's contention that the Board must address in its final written decision the patentability of every claim identified in the petition for inter partes review, including claims as to which the PTO declined to institute review in the first place.

a. The AIA permits the PTO to institute inter partes review as to some claims in a patent but not others.

i. As the court of appeals explained in *Synopsys, Inc.* v. *Mentor Graphics Corp.*, 814 F.3d 1309 (Fed. Cir. 2016), the AIA contemplates that inter partes review may proceed on some claims in a patent and not others. *Id.* at 1315. The AIA provisions that address institution of review speak in terms of individual claims within a patent. Those provisions make clear that the petitioner's challenges, the PTO's decision to institute review, and the Board's final decision are all claim-specific.

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[3] In *Synopsys, Inc.* v. *Mentor Graphics Corp.*, 814 F.3d 1309 (2016), the Federal Circuit concluded that Section 314(d) did not prevent the court from deciding whether the final written decision should have addressed claims for which the Board had previously declined to institute review. *Id.* at 1314. The court's willingness to address that question may reflect the fact that the appellant in *Synopsys* squarely argued that the Board must address all claims identified in the petition "regardless of whether the Board must institute on all claims." Resp. & Reply Br. at 30, *Synopsys*, *supra* (No. 14-1516). Here, by contrast, petitioner's entire argument appears to depend on its contention that the PTO erred by failing to institute review of claims 2 and 11-16 of respondent's patent.

Section 312 requires a petition for inter partes review to identify "in writing and with particularity, *each claim* challenged, the grounds on which the challenge to *each claim* is based, and the evidence that supports the grounds for the challenge to *each claim*." 35 U.S.C. 312(a)(3) (emphases added). That text establishes that the petitioner may choose to seek review of fewer than all of the patent's claims, and it indicates that the petitioner's challenge to each claim must be supported independently with legal argument and evidence.

Section 314 provides that, before "authoriz[ing] an inter partes review to be instituted," the PTO must conclude that "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. 314(a). The Act thus explicitly requires claim-specific analysis at least to some extent: the PTO cannot institute review unless it analyzes at least one claim in a patent and determines that the petitioner has a reasonable likelihood of showing that the claim is unpatentable. The statute cannot reasonably be construed to forbid claim-by-claim analysis that it expressly compels.

Finally, Sections 315 and 318 establish that the end product of inter partes review proceedings is claim-specific. Section 318 provides that, if review is instituted (and unless the proceeding is dismissed), the Board must render a final decision "with respect to the patentability of any patent claim challenged by the petitioner." 35 U.S.C. 318(a). And Section 315(e) provides that, in any future litigation or administrative proceeding, the petitioner is estopped from challenging a particular claim as to which inter partes review was instituted on grounds that were or could have been raised during inter partes review. 35 U.S.C. 315(e).

Every relevant aspect of the inter partes review process is thus claim-specific. And nothing in the relevant AIA provisions suggests that Congress intended to require the PTO to institute review of every claim cited in a petition based on a petitioner's showing of a likelihood of success as to a single claim. Having established a gateway requirement for inter partes review—by forbidding the PTO from instituting any review unless it finds that at least one claim is reasonably likely to be found unpatentable—Congress would not likely have compelled the agency to conduct review of claims as to which the PTO had found the petitioner to have shown no reasonable prospect of success. And since the AIA gives the PTO generally unreviewable discretion to deny inter partes review altogether, and permits the petitioner to challenge fewer than all of the claims in a patent, it would be strange indeed for Congress to force the agency to an all-or-nothing choice between either (A) reviewing all of the patent claims the petitioner challenges or (B) reviewing none of them.

ii. Whether or not the construction of the AIA reflected in the PTO's notice-and-comment regulation represents the only plausible reading of the statute, it is at a minimum reasonable and therefore entitled to deference under *Chevron U.S.A. Inc.* v. *Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984). See *Entergy Corp.* v. *Riverkeeper, Inc.*, 556 U.S. 208, 218 & n.4 (2009). Congress has authorized the PTO to promulgate regulations "establishing and governing inter partes review" generally and "the standards for the showing of sufficient grounds to institute a review" in particular. 35 U.S.C. 316(a)(2) and (4). Exercising that authority, the PTO conducted notice-and-comment rulemaking and issued a regulation providing that inter

partes review may be instituted as to only "some" of the claims challenged in a petition. 37 C.F.R. 42.108(a).

That regulation falls squarely within the PTO's statutory authority and reflects a permissible reading of the AIA's text. See *Synopsys*, 814 F.3d at 1316. It also advances the purposes that Congress sought to achieve in the AIA. A statutory directive that the PTO must institute review on an all-or-nothing basis would undermine the requirement that the party seeking inter partes review identify "with particularity * * * the grounds on which the challenge to each claim is based," 35 U.S.C. 312(a)(3), because a sufficient showing as to one claim would be enough to secure review as to all others. Challengers would have an incentive to provide as little information as possible in order to prejudice the patent owner's ability to defend the patentability of all of the challenged claims during the instituted proceeding.

An all-or-nothing approach, moreover, would unfairly impact patent holders, who would be "burdened with responding to non-meritorious grounds that fail to meet the initial thresholds." 77 Fed. Reg. at 48,703. The PTO has construed the Patent Act to avoid burdening patentees with the need to provide arguments and evidence in support of claims whose patentability the PTO itself sees no reason to question. And, consistent with Congress's intent to ensure that inter partes reviews are completed expeditiously, the PTO's partial-institution practice "streamlines the proceeding and aids in the efficient operation of the Office and the ability of the Office to complete the proceeding within the one-year timeframe." *Ibid.*; see 35 U.S.C. 316(a)(11) (establishing the one-year timeframe). The PTO thus has sensibly concluded that the Board need not devote time and resources to reviewing and addressing the patentability

of claims as to which the PTO has already found that the petitioner has no reasonable likelihood of success.

b. Because the AIA allows the PTO to institute review on a partial basis, the Board need not and should not address in its final written decision any claims for which review was not instituted. "[T]he statute would make very little sense if it required the Board to issue final decisions addressing patent claims for which inter partes review had not been initiated." *Synopsys*, 814 F.3d at 1315. If the Board has not heard evidence or argument regarding claims, it would have no basis to rule on the patentability of those claims.

The text and structure of the AIA confirm this understanding. The Act provides: "*If an inter partes review is instituted* and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under [S]ection 316(d)." 35 U.S.C. 318(a) (emphasis added). As the italicized clause indicates, the scope of the Board's required written decision is bounded by the scope of the review that the PTO has elected to institute. See *Synopsys*, 814 F.3d at 1315 (noting that this "conditional phrase * * * strongly suggests that the 'challenged' claims referenced are the claims for which inter partes review was instituted").

Petitioner contends (Pet. 16) that Section 318(a)'s reference to "any patent claim challenged by the petitioner" encompasses all of "the patent claims that are challenged in the petition" for inter partes review. But because Section 318(a) addresses the final disposition of an inter partes review whose institution is governed by

a different statutory provision, that text is more naturally read to refer only to those claims that are challenged within the inter partes review itself—*i.e.*, those claims that the Board has previously agreed to review. That inference is reinforced by the fact that Section 318(a) directs the PTO to address "the patentability of any patent claim challenged by the petitioner *and any new claim added under [S]ection 316(d)*." 35 U.S.C. 318(a) (emphasis added). The addition (through amendment) of claims under Section 316(d) occurs during the inter partes review proceeding itself, after the Board has instituted review. See 35 U.S.C. 316(d)(1) ("During an inter partes review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways.").

If Congress had intended to require the Board to address in its final decision all claims challenged *in the petition*, it easily could have said so. Indeed, it used language to that effect in Section 314(a), which prohibits the PTO from instituting review unless the challenger is reasonably likely to prevail regarding "at least 1 of the claims *challenged in the petition*." 35 U.S.C. 314(a) (emphasis added). Congress's choice of different language in nearby provisions of the same statute is presumed to be deliberate. See *Russello* v. *United States*, 464 U.S. 16, 23 (1983); see, *e.g.*, *Department of Homeland Sec.* v. *MacLean*, 135 S. Ct. 913, 919 (2015). Congress's decision "to use a different phrase when describing claims raised in the petition for inter partes review in [Section] 314(a) and claims on which inter partes review has been instituted in [Section] 318(a)" supports the PTO's inference that the scope of the two provisions is not identical. *Synopsys*, 814 F.3d at 1315; see Pet. App. 21a. The better reading of the statute is that the

Board's final written decision need address only those claims as to which the agency has "authorize[d] an inter partes review to be instituted," 35 U.S.C. 314(a), not every claim as to which the petitioner originally sought review.

Here, too, a contrary interpretation would make little sense. While affording the PTO discretion to set the standards for granting inter partes review, see 35 U.S.C. 316(a)(2), Congress required that the PTO screen out at least those challenges that have no reasonable likelihood of success. Only if the PTO determines that a petitioner has cleared that threshold may the Board conduct inter partes review (resulting in a judicially reviewable final decision) at all. It would circumvent and largely defeat that carefully designed process to require the Board to render a final decision as to claims that the PTO concluded did not satisfy the threshold statutory standard of a reasonable likelihood of unpatentability.

c. Petitioner's contrary arguments lack merit. Petitioner emphasizes (Pet. 10-15) that the AIA directs the Board to issue a written decision as to "any * * * claim challenged by the petitioner." 35 U.S.C. 318(a). But petitioner disregards the conditional, prefatory clause of Section 318(a), which makes clear that the Board's obligation to issue a final written decision is tied to the institution decision. See *ibid.* (requiring the Board to issue a decision as to the challenged claims "[i]f an inter partes review is instituted and not dismissed under this chapter").

Petitioner argues (Pet. 15-16) that partial institution of inter partes review is contrary to the structure of the AIA. But while petitioner asserts that the PTO's prac-

tice of partial institution is contrary to the "clear command of the statute" (Pet. 20), petitioner identifies no statutory provision that bars the PTO from reviewing only those claims as to which it concludes the challenge has at least a reasonable likelihood of success. Nor does petitioner identify any reason why Congress would have wanted to burden patent owners and delay the PTO's decision-making process by requiring a full review of claims whose patentability is not reasonably in doubt.

Petitioner is likewise wrong in asserting (Pet. 15-16) that Section 318(a) parallels and must be read as coextensive with Sections 312(a)(3) and 314(a). As discussed, see pp. 12, 15-17, *supra*, Section 318(a) refers to claims challenged "by the petitioner"—in the context of a case where the PTO has already instituted proceedings—while Section 314(a) refers to claims challenged "in the petition," and Section 312(a) describes the petition's required contents. Whether or not the statutory text compels the PTO's interpretation authorizing partial institution, the PTO's regulation is a reasonable and pragmatic construction of the statute.

Petitioner's invocation of the AIA's purposes (Pet. 16-18) is also misplaced. While one purpose of the AIA is doubtless to provide an alternative to litigation in some circumstances, inter partes review is not a complete substitute for litigation. See generally *Cuozzo Speed Techs.*, 136 S. Ct. at 2143-2144 (discussing the differences between inter partes review and litigation). For example, inter partes review allows for challenges to patent claims only on limited grounds. 35 U.S.C. 311(b) (allowing inter partes review "only on a ground that could be raised under [S]ection 102 or 103 and only on the basis of prior art consisting of patents or printed publications"). Congress thus could not have expected

that the institution of an inter partes review would always obviate the need for district-court litigation between the same parties. And if the parties determine that the Board's review of only a subset of the claims is inefficient and will lead to duplicative proceedings, they can jointly move to terminate the inter partes review proceeding, without estoppel attaching. 35 U.S.C. 317(a).[4]

Petitioner argues (Pet. 17) that partial institution of inter partes review undermines the AIA's estoppel provision, which bars a petitioner from relitigating certain challenges to patent claims after an inter partes review. See 35 U.S.C. 315(e). Petitioner misreads the estoppel provision. As noted, see pp. 4, 12, *supra*, estoppel under Section 315(e) applies on a claim-by-claim basis, and the Board's review of one claim of a patent will

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[4] Petitioner highlights (Pet. 18, 20) a passage in a submission filed with the PTO by government attorneys representing the Department of Justice as the petitioner in an inter partes review. A single paragraph of that filing asked the Board to reconsider a decision to institute review as to only some of the claims challenged in the government's petition and argued—based on legislative history and Judge Newman's dissenting opinion in this case, without analysis of the statutory text or structure—that partial institution of inter partes review is inconsistent with congressional intent. Gov't Request for Reh'g at 5-6, U.S. Patent No. 7,323,980, *Department of Justice* v. *Discovery Patents, LLC*, No. IPR2016-1041 (P.T.A.B. Nov. 29, 2016). That administrative filing, which was not subject to review or approval by the Solicitor General, did not reflect the considered view of the United States. To the contrary, even before that submission was filed with the PTO, the Solicitor General had authorized the PTO to intervene both in *Synopsys* and in the case below to defend the PTO's regulation authorizing partial institution and the PTO's interpretation of 35 U.S.C. 318(a). See 28 C.F.R. 0.20(c) (intervention in a court of appeals requires approval by the Solicitor General).

not estop the petitioner from later challenging claims that were not so reviewed. See 35 U.S.C. 315(e)(1) (if "a claim" is the subject of a final written decision under Section 318(a), there can be no subsequent inter partes review "with respect to that claim" on grounds that could have been raised during the first proceeding); 35 U.S.C. 315(e)(2) (if "a claim" is the subject of a final written decision under Section 318(a), the petitioner cannot assert in a civil action or other proceeding "that the claim" is invalid on grounds that could have been raised in the inter partes review). Petitioner's apparent view (Pet. 17) that inter partes review is meant to provide global resolution of all issues regarding all claims in a patent is thus contrary to the plain language of the statute.

Petitioner also fails to acknowledge that another purpose of the AIA was to create an administratively efficient mechanism for cancelling patent claims whose patentability is in doubt. Petitioner criticizes the PTO for adopting procedures "for its own convenience" (Pet. 23), but Congress directed the agency to use its rulemaking authority to establish procedures that will allow for "efficient administration of the Office" and ensure "the ability of the Office to timely complete [inter partes] proceedings." 35 U.S.C. 316(b).[5]

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[5] Petitioner asserts (Pet. 21) that the Board might instead conserve its resources by ending its practice of issuing written opinions at the time a proceeding is instituted. But it is the agency's prerogative under the Patent Act to decide how best to achieve efficiency and to organize its own procedures. See 35 U.S.C. 2(b)(2), 316(a)(2) and (4). The PTO encourages its Board judges to write decisions explaining why the PTO is instituting review on some claims rather than others. See 77 Fed. Reg. at 48,765. That is because, to institute review, the Board must become familiar with the patent and the cited prior art and decide whether "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the

Finally, petitioner argues (Pet. 22-23) that the PTO's regulation authorizing partial institution should not be accorded *Chevron* deference. In addition to challenging the PTO's interpretation of the AIA, petitioner appears to contend more broadly (*ibid.*) that *Chevron* should not apply to the PTO's construction of the Patent Act. That contention is foreclosed by this Court's precedent. Congress has authorized the PTO to adopt regulations governing the relevant aspects of inter partes review, see 35 U.S.C. 316(a)(2) and (4), and this Court recently accorded deference to a PTO regulation governing a different aspect of inter partes proceedings, see *Cuozzo Speed Techs.*, 136 S. Ct. at 2142-2144.

Petitioner contends (Pet. 22-23) that statutory ambiguity cannot properly be treated as an implicit delegation of interpretive authority that could warrant judicial deference to an agency's views. Whatever the merits of that argument, it has no application here. Because the AIA "contains an express and clear conferral of authority to the [PTO] to promulgate rules governing its own proceedings," deference to PTO rules concerning the conduct of inter partes review does "not rest on" the assumption that "ambiguity in a statutory term is best construed as an implicit delegation of power to an administrative agency to determine the bounds of the law." *Cuozzo Speed Techs.*, 136 S. Ct. at 2148 (Thomas, J., concurring); see 35 U.S.C. 316(a). The regulation authorizing institution of partial review, 37 C.F.R. 42.108,

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claims challenged in the petition." 35 U.S.C. 314(a). The PTO has reasonably determined that the Board, the parties, and future litigants all may benefit from the analysis set forth in the PTO's institution-phase rulings.

was adopted pursuant to that express grant of rulemaking authority.[6]

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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[6] Petitioner asserts in passing that, although Section 316 authorizes the PTO to adopt regulations establishing standards for instituting inter partes review, it does not allow the agency to "define the scope of such review." Pet. 22 (citing 35 U.S.C. 316(a)(2)) (internal quotation marks omitted). Among other problems, that contention disregards the PTO's authority under 35 U.S.C. 316(a)(4) to promulgate regulations "establishing and governing inter partes review." That broad grant of rulemaking power easily encompasses the PTO's partial-institution rule, which both establishes the scope of an inter partes review and governs its conduct. See *City of Arlington* v. *FCC*, 133 S. Ct. 1863, 1874 (2013).